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Application of San Diego Gas & Electric Company (U902M) for Authority to Implement the Customer Information System Replacement Program.

Application 17-04-027
(Filed April 28, 2017)

ASSIGNED COMMISSIONER'S SCOPING MEMORANDUM AND RULING

Summary

Pursuant to Rule 7.3 of the Commission's Rules of Practice and Procedure,¹ this Scoping Memorandum and Ruling sets forth the procedural schedule, the issues to be considered in this proceeding, the need for hearings, and other procedural matters, following the Prehearing Conference held on July 17, 2017.

1. Background

On April 28, 2017, San Diego Gas & Electric Company (SDG&E) filed Application (A.) 17-04-027 for authorization to implement its Customer Service Information (CIS) Replacement Program. According to SDG&E, the current legacy CIS and related subsystems that it uses is twenty years old and is in need of replacement. This software and hardware system supports SDG&E's business processes and customer engagement functions.

On May 4, 2017, SDG&E filed a motion to establish Customer Service Information Memorandum Accounts (CISMA) to record costs for the CIS Replacement Program. The motion was granted by the assigned Administrative

¹ All subsequent references to "Rule" or "Rules" are to the Commission's Rules of Practice and Procedure. The full text of the Commission's Rules may be found on the Commission's website at www.cpuc.ca.gov.

Law Judge (ALJ) in a ruling on May 30, 2017. Authority to create and establish the Cisma allows SDG&E to timely track costs relating to the CIS Replacement Program instead of having to wait until the conclusion of this proceeding. It should be noted, however, that authority to establish the Cisma does not mean that cost recovery for the CIS Replacement Program is being authorized as well. Whether or not such cost recovery is appropriate shall be determined in this proceeding.

A protest to the application was filed by San Diego Consumers' Action Network (SDCAN) on May 26, 2017. Separate protests were also filed by The Utility Reform Network (TURN), The Office of Ratepayer Advocates (ORA), and Utility Consumers' Action Network (UCAN), on June 5, 2017.

On July 11, 2017, a motion for party status was filed by Direct Access Customer Coalition (DACC). Said motion was granted by the assigned ALJ in a ruling on July 13, 2017.

A Prehearing conference (PHC) was held on July 17, 2017. At the PHC, the issues, procedural schedule and other matters relating to the proceeding were discussed. SDG&E was also required to file supplemental testimony concerning prior management relating to its CIS system and on potential safety concerns.

2. Scope

Based on the application, protests by parties, and discussion during the PHC, the scope of issues to be addressed in this proceeding is as follows:

1. Whether or not SDG&E's request to implement its CIS Replacement Program is reasonable.
 - a. Whether or not the need to replace is urgent.
 - b. Whether or not there are feasible alternatives, including a smaller project.
 - c. Whether or not the benefits outweigh costs.

- d. Whether or not prior upgrade authorizations were granted.
 - e. If so, how were these authorized upgrade amounts used and whether or not such use was reasonable.
 - f. Whether or not the CIS Replacement Project resulted from or involves prior imprudent management.
- 2. Whether or not estimated costs are reasonable.
 - a. Whether or not projected costs were properly estimated.
 - b. Whether or not the implementation schedule is reasonable.
 - 3. Whether or not SDG&E's request to implement the CIS Replacement Program should have been made in its upcoming General Rate Case filing.
 - 4. Whether or not the requested two-way balancing account is reasonable.
 - 5. Whether or not expected future benefits can and should be accelerated and reflected in rates earlier than when they actually occur.
 - 6. Whether or not there are any safety concerns associated with the CIS Replacement Program.

3. Schedule

The following schedule is adopted, but may be revised by the assigned Commissioner or ALJ as required to promote the efficient and fair resolution of this proceeding:

Event	Date
Supplemental Testimony Served	August 7, 2017
Intervenor Testimony Served	October 20, 2017
Rebuttal Testimony Served	November 13, 2017
Evidentiary Hearings	December 11-15, 2017
Opening Briefs Filed	January 12, 2018
Reply Briefs Filed	January 26, 2018
Projected Issuance of Proposed Decision	1st Quarter 2018
Projected Final Commission Decision	1 st to 2 nd Quarter 2018

The proceeding will be submitted upon the filing of reply briefs, unless the assigned Commissioner or the ALJ directs further evidence or argument. The assigned Commissioner or assigned ALJ may modify this schedule as necessary to promote the efficient management and fair resolution of this proceeding.

It is the Commission's intent to complete this proceeding within 18 months of the date this proceeding was initiated. This deadline may be extended by order of the Commission [Public Utilities Code § 1701.5(a)].

4. Categorization and Need for Hearings

In Resolution ALJ 176-3397 dated May 11, 2017, the Commission preliminarily categorized this application as ratesetting as defined in Rule 1.3(e) and determined that this proceeding requires evidentiary hearings. The parties did not oppose the preliminary categorization and this ruling affirms the preliminary categorization as ratesetting.

At the PHC, TURN, ORA, UCAN and DACC all asserted that evidentiary hearings will be necessary. SDG&E on the other hand stated that hearings may be necessary but had nonetheless allotted time for hearings in their proposed schedule. Because it appears that hearings will likely be necessary, we shall not,

at this time, disturb the Commission's preliminary determination that hearings will be required.

5. *Ex Parte* Communications

In a ratesetting proceeding such as this one, *ex parte* communications with the assigned Commissioner, other Commissioners, their advisors and the ALJ are only permitted as described in California Public Utilities Code § 1701.3(h) and Article 8 of the Rules.²

6. Intervenor Compensation

Pursuant to Article 17.1(a) of the Commission's Rules, any notice of intent to claim intervenor compensation must be filed within 30 days from the date of the PHC held on July 17, 2017. In this case, such notice must be filed on or before August 16, 2017.

7. Outreach Efforts

Cal. Pub. Util. Code § 1711(a) states:

Where feasible and appropriate, except for adjudication cases, before determining the scope of the proceeding, the commission shall seek the participation of those who are likely to be affected, including those who are likely to benefit from, and those who are potentially subject to, a decision in that proceeding. The commission shall demonstrate its efforts to comply with this section in the text of the initial scoping memo of the proceeding.

The Public Advisor's Office assessed that this application does not require that any outreach activities be conducted pursuant to Cal. Pub. Util. Code § 1711(a) and Senate Bill 512.

² Interested persons are advised that, to the extent that the requirements of Rule 8.1 *et seq.* deviate from PU Code sections 1701.1 and 1701.3 as amended by SB 215, effective 1/1/2017, the statutory provisions govern.

8. Assigned Commissioner and Presiding Officer

Commissioner Carla J. Peterman is the assigned Commissioner to this proceeding and ALJ Rafael Lirag is the Presiding Officer.

9. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or who has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao> or contact the Commission's Public Advisor at 866-849-8390 or 415-703-2074 or 866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

10. Official Service List

The Official Service List for this rulemaking proceeding is available on the Commission's web site. Each person and entity on the Official Service List is responsible for ensuring that their information on the Official Service List is correct and up-to-date. This information can be corrected and updated by sending an e-mail to the Process Office and everyone on the Official Service List.

Additions to the "Party" category on the Official Service List for this proceeding are governed by Rule 1.4. Persons who are not parties but wish to receive electronic service of documents filed in this proceeding may contact the Commission's Process Office at process_office@cpuc.ca.gov for placement on the Official Service List pursuant to Rule 1.9(f) in the "Information Only" category or "State Service" category, as appropriate.

11. Filing and Serving Documents

Information about procedures for electronic filing of documents at the Commission is available at www.cpuc.ca.gov/PUC/efiling. All documents formally filed at the Commission's Docket Office must include the Docket Office's approved caption for this rulemaking proceeding.

This proceeding will follow the electronic service protocols in Rule 1.10. All parties shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m. on the date scheduled for service.³ Rule 1.10 also requires service on the assigned ALJ of both an electronic copy and a paper copy of documents that are filed and/or served.

When serving a document, every party must use the current Official Service List on the Commission's website. The format of served documents must comply with Rules 1.5 and 1.6.

Any party that files or serves a document in this proceeding shall concurrently e-mail to the assigned ALJ a copy of the document in Microsoft Word and/or Excel format, to the extent practical, with a copy to the service list.

E-mail communications in this proceeding should include on the subject line the docket number for this proceeding, Rulemaking 16-12-011, and a brief description of the contents of the e-mail (*e.g.*, comments).

For filing of supporting documents, see Appendix "A".

The assigned Commissioner and/or the assigned ALJ may establish additional requirements for filing and/or serving documents in this proceeding.

³ If no e-mail address is provided, service should be made by first class mail. Parties are expected to provide paper copies of served documents upon request.

IT IS RULED that:

1. The scope, issues, and schedule are set forth in the body of this ruling, unless amended by a subsequent ruling or order by the assigned Commissioner or Administrative Law Judge.
2. The categorization for this proceeding shall be ratesetting and hearings are necessary.
3. *Ex parte* communications with the assigned Commissioner, other Commissioners, their advisors and the ALJ are only permitted as described in California Public Utilities Code § 1701.3(h) and Article 8 of the Rules.
4. Any party that expects to claim intervenor compensation for its participation in this proceeding must file its notice of intent to claim intervenor compensation by August 16, 2017.
5. Administrative Law Judge Rafael Lirag is designated as the Presiding Officer in this proceeding.

This order is effective today.

Dated August 1, 2017, at San Francisco, California.

/s/ CARLA J. PETERMAN

Carla J. Peterman
Assigned Commissioner

APPENDIX A

Electronic Submission and Format of Supporting Documents

The Commission's web site now allows electronic submittal of supporting documents (such as testimony and work papers).

Parties shall submit their testimony or workpapers in this proceeding through the Commission's electronic filing system.⁴ Parties must adhere to the following:

- The Instructions for Using the "Supporting Documents" Feature, (<http://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&DocID=158653546>) and
- The Naming Convention for Electronic Submission of Supporting Documents (<http://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&DocID=100902765>).
- The Supporting Document feature does not change or replace the Commission's Rules of Practice and Procedure. Parties must continue to adhere to all rules and guidelines in the Commission's Rules of Practice and Procedures including but not limited to rules for participating in a formal proceeding, filing and serving formal documents and rules for written and oral communications with

⁴ These instructions are for submitting supporting documents such as testimony and work papers in formal proceedings through the Commission's electronic filing system. Parties must follow all other rules regarding serving testimony. Any document that needs to be formally filed such as motions, briefs, comments, etc., should be submitted using Tabs 1 through 4 in the electronic filing screen.

Commissioners and advisors (i.e. “ex parte communications”) or other matters related to a proceeding.

- The Supporting Document feature is intended to be solely for the purpose of parties submitting electronic public copies of testimony, work papers and workshop reports (unless instructed otherwise by the Administrative Law Judge), and does not replace the requirement to serve documents to other parties in a proceeding.
- Unauthorized or improper use of the Supporting Document feature will result in the removal of the submitted document by the CPUC.
- Supporting Documents should not be construed as the formal files of the proceeding. The documents submitted through the Supporting Document feature are for information only and are not part of the formal file (i.e. “record”) unless accepted into the record by the Administrative Law Judge.

All documents submitted through the “Supporting Documents” Feature shall be in PDF/A format. The reasons for requiring PDF/A format are:

- Security – PDF/A prohibits the use of programming or links to external executable files. Therefore, it does not allow malicious codes in the document.
- Retention – The Commission is required by [Resolution](#) L-204, dated September 20, 1978, to retain documents in formal proceedings for 30 years. PDF/A is an independent standard and the Commission staff anticipates that programs will remain available in 30 years to read PDF/A.

- Accessibility – PDF/A requires text behind the PDF graphics so the files can be read by devices designed for those with limited sight. PDF/A is also searchable.

Until further notice, the “Supporting Documents” do not appear on the “Docket Card”. In order to find the supporting documents that are submitted electronically, go to:

- Online documents, choose: “[E-filed Documents](#)”,
- Select “Supporting Document” as the document type, (do not choose testimony)
- Type in the proceeding number and hit search.

Please refer all technical questions regarding submitting supporting documents to:

- Kale Williams (kale.williams@cpuc.ca.gov) 415 703- 3251 and
- Ryan Cayabyab (ryan.cayabyab@cpuc.ca.gov) 415 703-5999

(END OF APPENDIX A)